

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: CNX Gas Company LLC

DIVISION OF GAS AND OIL
DOCKET NO. VGOB 10-0817-2782

RELIEF SOUGHT: POOLING

UNIT NUMBER: YYY-23

NOTICE OF HEARING

HEARING DATE: August 17, 2010
PLACE: Russell County Conference Center
135 Highlands Drive
Lebanon, Virginia 24266
TIME: 9:00 AM



COMMONWEALTH OF VIRGINIA:

To: *Mary (Mariah) Lou Bowen Kroll Heirs, Devisees, Successors or Assigns including Jack Groseclose, Paul Daniel Groseclose, Jessie Groseclose, Danny Groseclose, Emma Jean Groseclose, Odette Sue Edmead*

1. **Applicant and its counsel:** Applicant is **CNX Gas Company LLC**, 2481 John Nash Blvd., Bluefield, West Virginia 24701, 304/323-6500. Applicant's counsel is Mark A. Swartz, of the firm Swartz Law Offices, PLLC, 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.

2. **Relief sought:** Pooling.

3. **Proposed provisions of order:** (a) Pooling all the interests and estates of the persons named above in coalbed methane in the unit in question; (b) Establishing a procedure whereby each respondent shall have the right to make elections; (c) Providing that any respondent who does not make a timely election shall be deemed to have leased or assigned his coalbed methane gas interests to the applicant at a rate to be established by the Board; (d) Designating CNX Gas Company LLC as Unit Operator; (e) Making any necessary provisions for the escrow of funds; (f) Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

4. **Legal Authority:** Va. Code Ann. §45.1-361.1 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.

5. **Type of well(s):** Coalbed methane.

6. **Plat:** Annexed hereto are Exhibit A, Exhibit A1 and the Tract Identifications for Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The Tract Identification page shows the percentage of acreage in each tract. The plat is certified by a licensed professional engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.

7. **Your interest or claim sought to be pooled by this Application pertains to coalbed methane gas.**

8. **Formation(s) to be produced and estimates:** All coal seams and associated strata below the Tiller seam of coal all as more particularly described in the annexed proposed order. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.

9. **Estimate of allowable costs:** \$679,081.76

10. **Attestation:** The foregoing application to the best of my knowledge, information, and belief is true and correct.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 9:00 AM, on **August 17, 2010**, at the Russell County Conference Center, Lebanon, Virginia 24266, and that notice will be published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. For further information or a copy of the application and exhibits, either contact the Virginia Gas and Oil Board, State Oil and Gas Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P. O. Box 159, Lebanon, Virginia 24266, 276/415-9650 or the Applicant at the address shown below.

DATED: 7/16/10

CNX Gas Company LLC
Applicant

By: 

Anita D. Duty
Pooling Supervisor
CNX Land Resources Inc.
2481 John Nash Blvd.
Bluefield, WV 24701

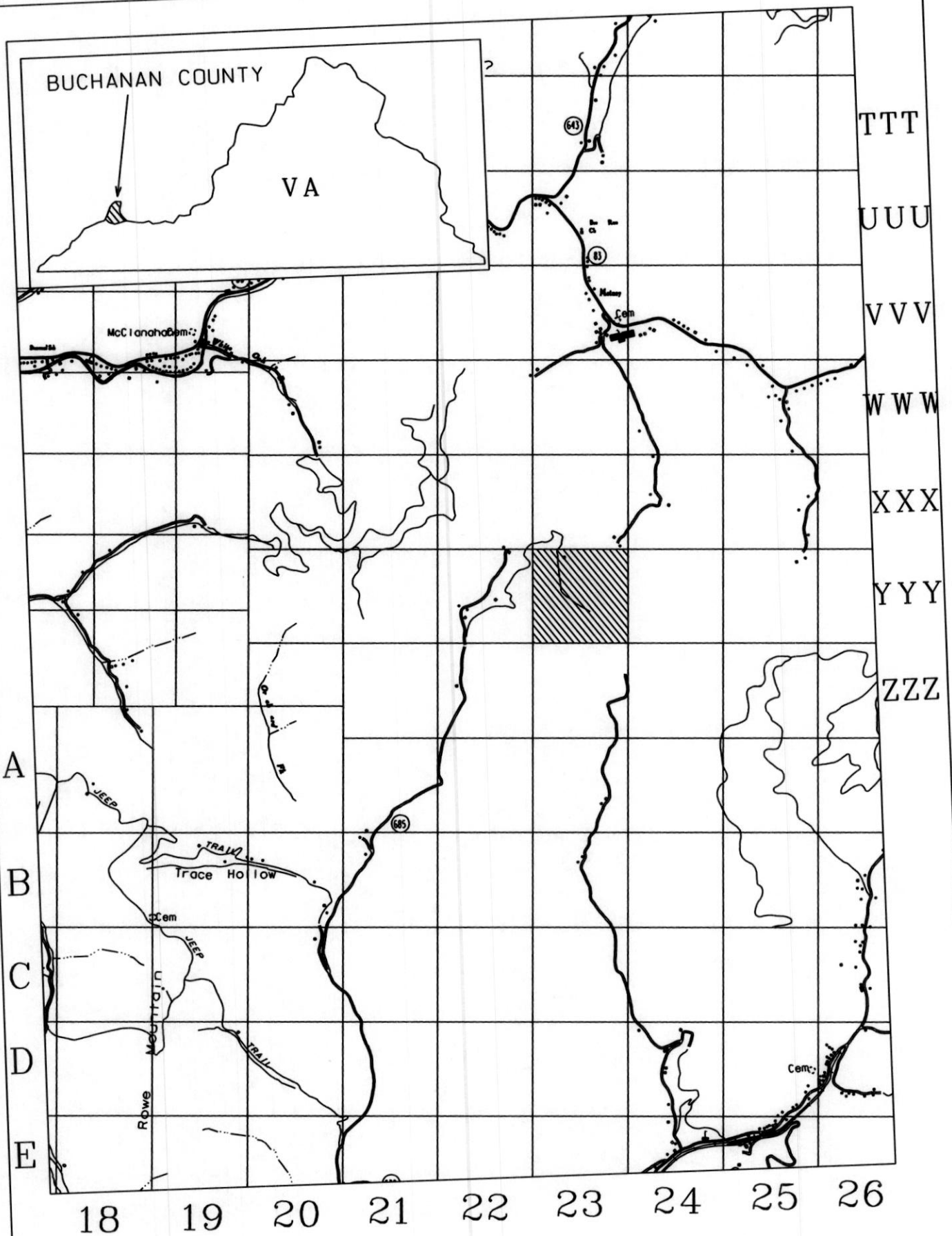
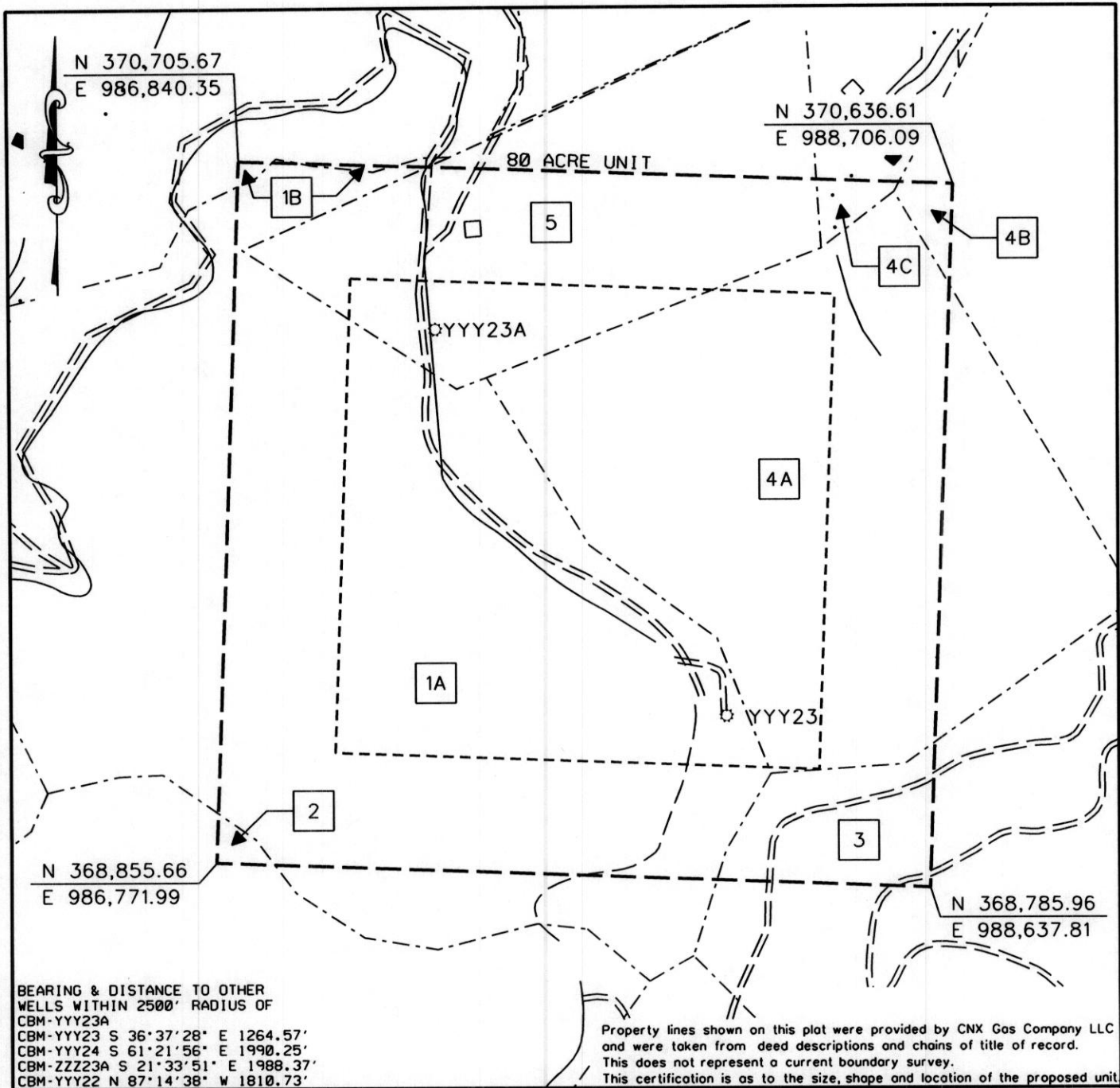


EXHIBIT A1
UNIT YYY23
VGOB 10-0817-2782



Company CNX Gas Company LLC

Well Name and Number UNIT YYY23

Tract No. _____ Elevation _____

Quadrangle WATKINSON

County BUCHANAN District GARDEN

Scale: 1" = 400'

This plat is a new plat X ;

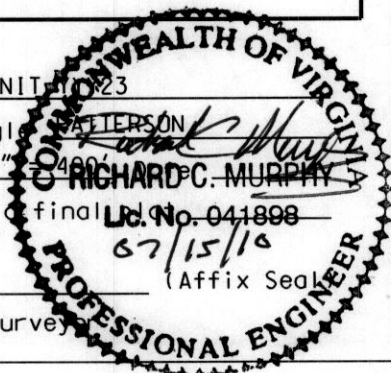
an updated plat _____ ;

or a final plat _____

Form DGO-GO-7
Rev. 9/91

Richard C. Murphy

Licensed Professional Engineer or Licensed Land Surveyor



CNX Gas Company LLC

UNIT YYY-23

Tract Identification

1. C.L. Ritter Lumber Company, Tr. 11-1 (280.30 Acre Tract) – All Minerals
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Leased
Jewell Smokeless Coal Corporation – Coal Above Tiller Leased
Hard Rock Exploration and Carter Oil & Gas, Inc. – Oil and Gas Leased
CNX Gas Company LLC – CBM Leased
37.00 acres 46.2500%
- 1A. Lois Horton, et al – Surface Owner
- 1B. Harless D. Dykes, et al – Surface Owner
2. C.L. Ritter Lumber Company, Tr. 13 (575.29 Acre Tract) – Fee
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Leased
Jewell Smokeless Coal Corporation – Coal Above Tiller Leased
Hard Rock Exploration and Carter Oil & Gas, Inc. – Oil and Gas Leased
CNX Gas Company LLC – CBM Leased
0.26 acres 0.3250%
3. Mariah Lou Bowen Kroll Heirs Estate, LLLP, et al, Tract A (p/o 441.47 Acre Tract) – All Minerals
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Leased
Jewell Smokeless Coal Corporation – Coal Above Tiller Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased (99.97%)
CNX Gas Company LLC – Surface
3.73 acres 4.6625%
4. Buchanan Realty Company, LLC (100 Acre Tract) – All Minerals
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased
Chesapeake Appalachia – Oil and Gas Leased
CNX Gas Company LLC – CBM Leased
26.52 acres 33.1500%
- 4A. Mary Rife Salyer, et al – Surface Owner
- 4B. John J. Mitchell, et al – Surface Owner
- 4C. Unknown Surface Owner
5. Buchanan Realty Company, LLC (19.5 Acre Tract) – All Minerals
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased
Chesapeake Appalachia – Oil and Gas Leased
CNX Gas Company LLC – CBM Leased
John Kennedy, His Heirs, Devisees, Successors and Assigns, et al – Surface
12.49 acres 15.6125%

**Exhibit B-3
Unit YYY-23
Docket #VGOB 10-0817-2782
List of all Unleased Owners/Claimants**

	Acres in Unit	Percent of Unit
I. COAL OWNERSHIP		
<u>Tract #3, 3.73 Acres</u>		
Mariah Lou Bowen Kroll Heirs, Devisees, Successors or Assigns (<i>Tract A - p/o 441.47 Acre Tract</i>)	3.73 acres	4.6625%
(2) Mary Lou Bowen Kroll Heirs, Devisees, Successors or Assigns		
(a) Jack Groseclose 51E 62nd Street Hialeah, FL 33013	0.0001 1/25641 of 3.73 acres	0.0002%
(b) Paul Daniel Groseclose 18204 SW 154th Avenue Miami, FL 33187	0.0001 1/25641 of 3.73 acres	0.0002%
(c) Jessie Groseclose 51E 62nd Street Hialeah, FL 33013	0.0001 1/25641 of 3.73 acres	0.0002%
(d) Danny Groseclose 8350 NW 16th Street Pembroke Pines, FL 33024	0.0001 1/25641 of 3.73 acres	0.0002%
(e) Emma Jean Groseclose 51E 62nd Street Hialeah, FL 33013	0.0001 1/25641 of 3.73 acres	0.0002%
(f) Odette Sue Edmead 105 NE 71st St. Miami, FL 33138	0.0002 1/15625 of 3.73 acres	0.0003%
II. OIL & GAS OWNERSHIP		
<u>Tract #3, 3.73 Acres</u>		
Mariah Lou Bowen Kroll Heirs, Devisees, Successors or Assigns (<i>Tract A - p/o 441.47 Acre Tract</i>)	3.73 acres	4.6625%
(2) Mary Lou Bowen Kroll Heirs, Devisees, Successors or Assigns		
(a) Jack Groseclose 51E 62nd Street Hialeah, FL 33013	0.0001 1/25641 of 3.73 acres	0.0002%
(b) Paul Daniel Groseclose 18204 SW 154th Avenue Miami, FL 33187	0.0001 1/25641 of 3.73 acres	0.0002%
(c) Jessie Groseclose 51E 62nd Street Hialeah, FL 33013	0.0001 1/25641 of 3.73 acres	0.0002%
(d) Danny Groseclose 8350 NW 16th Street Pembroke Pines, FL 33024	0.0001 1/25641 of 3.73 acres	0.0002%
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(f) Odette Sue Edmead 105 NE 71st St. Miami, FL 33138	0.0002 1/15625 of 3.73 acres	0.0003%

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: CNX Gas Company LLC

DIVISION OF GAS AND OIL
DOCKET NO.: VGOB 10-0817-2782

RELIEF SOUGHT: POOLING

LOCATION: SEE EXHIBITS "A" AND "A1"

HEARING DATE: August 17, 2010

UNIT NUMBER: YYY-23
IN THE OAKWOOD COALBED METHANE GAS FIELD I

BUCHANAN COUNTY, VIRGINIA

APPLICATION

1. **Applicant and its counsel:** Applicant is CNX Gas Company LLC, 2481 John Nash Blvd., Bluefield, West Virginia 24701, 304/323-6500. Applicant's counsel is Mark A. Swartz, of the firm Swartz Law Offices, PLLC, 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.
2. **Relief sought:** Pooling under Oakwood Coalbed Methane Gas Field I.
3. **Legal Authority:** Va. Code Ann. §45.1-361.1 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.
4. **Type of well(s):** Coalbed methane, including increased density wells as required by mining plans.
5. **Permit numbers, if any:** CBM-YYY23 Permit #8061; CBM-YYY23A Permit #11202
6. **Plat:** Annexed hereto are Exhibit A and the Tract Identifications for Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The plat is certified by a licensed professional engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.
7. **Status of interests to be pooled and Applicant's standing:** The respondents whose interests are sought to be pooled by the Applicant are:

Mary (Mariah) Lou Bowen Kroll Heirs, Devisees, Successors or Assigns including Jack Groseclose, Paul Daniel Groseclose, Jessie Groseclose, Danny Groseclose, Emma Jean Groseclose, Odette Sue Edmead

Further, said respondents are listed in Exhibit B-3 hereto which describes their interests/claims. The respondents and others whose interests are subject to escrow under §45.1-361.21.D. are identified at Exhibit E. The annexed Exhibit A, page 2, sets forth the total interest(s) held by Applicant in the unit.

8. **Formation(s) to be produced and estimates:** All coal seams and associated strata below the Tiller seam of coal all as more particularly described in the annexed proposed order. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.

9. **Estimate of allowable costs:** \$679,081.76 See Exhibit C which estimates/reports the costs associated with one frac well. To the extent additional wells may be required by mine plans in the Buchanan No. 1 Mine, the costs of any such additional wells as may be permitted by the Division of Gas and Oil, in accordance with the provisions of §45.1-361.20.C., Code of Virginia, will not be allocated for frac well production to the subject unit by the Operator.

30. **Attestation:** The foregoing application, to the best of my knowledge, information, and belief, is true and correct.

CNX Gas Company LLC

Applicant

By: 

Anita D. Duty
Pooling Supervisor
CNX Land Resources Inc.
2481 John Nash Blvd.
Bluefield, WV 24701

Ownership information pertaining to YYY-23 unit.

1. Percentage of coalbed methane rights owned, leased or previously pooled by applicant:

<u>Gross Percentages</u>	<u>Coal Owner(s)</u>	<u>Net Percentages</u>
99.9988%		99.9988%

<u>Gross Percentages</u>	<u>Oil & Gas Owner(s)</u>	<u>Net Percentages</u>
99.9988%		99.9988%

2. Percentage of coalbed methane rights not owned, leased or previously pooled by applicant:

<u>Gross Percentages</u>	<u>Coal Owner(s)</u>	<u>Net Percentages</u>
0.0012%		0.0012%

<u>Gross Percentages</u>	<u>Oil & Gas Owner(s)</u>	<u>Net Percentages</u>
0.0012%		0.0012%

3. Percentage of coal owned/leased: 100.00%

4. Total interest to be pooled:

- a. Coal interest: 0.0012%
- b. Oil & Gas interest: 0.0012%

Exhibit C
Unit YYY23/ Well YYY23
Docket VGOB # 10-0817-2782
Estimated/Actual Cost

CODE	ITEM	AMOUNT / FT.	UNIT PRICE \$ / FT.	LABOR / MISC.	SUBTOTAL	TOTAL
101	Site Preparation				\$35,000.00	\$35,000.00
102	Survey & Permits				\$9,500.00	\$9,500.00
104	Gravel for Location				\$0.00	\$0.00
108	Row Clearing				\$0.00	\$0.00
111	Logging/Perf				\$0.00	\$0.00
111	A: Electric Logging - Top Hole	250	\$1.00	\$350.00	\$600.00	\$600.00
111	C: Electric Logging - Bottom Hole	2425	\$1.00	\$350.00	\$2,775.00	\$2,775.00
	D: Bond Logging				\$1,000.00	\$1,000.00
112	Rental Tools				\$0.00	\$0.00
114	Cement & Cement Svcs.				\$14,481.00	\$14,481.00
116	Drilling :					
116	A : DRILLING					
	MOBILIZATION	1	\$1,781.97		\$1,781.97	\$1,781.97
	15" DRILLING	25	\$18.42		\$460.50	\$460.50
	CASING RUN	25	\$1.19		\$29.75	\$29.75
	12 1/4" DRILLING	0	\$18.42		\$0.00	\$0.00
	CASING RUN	0	\$0.89		\$0.00	\$0.00
	8 3/4" DRILLING	225	\$18.42		\$4,144.50	\$4,144.50
	CASING RUN	250	\$0.71		\$177.50	\$177.50
	6 1/2 DRILLING	2425	\$18.42		\$44,668.50	\$44,668.50
	CASING RUN	0	\$0.53		\$0.00	\$0.00
	STANDBY	0	\$267.30		\$0.00	\$0.00
	DOZER	5	\$83.16		\$415.80	\$415.80
116A	B : CASING					
116B	1:13 3/8"	0	\$56.16		\$0.00	\$0.00
116C	2: 9 5/8"	0	\$29.40		\$0.00	\$0.00
116D	3: 7"	250	\$17.36		\$4,340.00	\$4,340.00
120	Trucking				\$0.00	\$0.00
124	Packer w/ Fittings,Baffles				\$0.00	\$0.00
128	Pit Liner & Reclamation				\$5,300.00	\$5,300.00
130	Completion				\$80,000.00	\$80,000.00
132	Treatment (Frac)				\$65,000.00	\$65,000.00
134	Frac Water				\$0.00	\$0.00
138	Electrical Installation				\$22,500.00	\$22,500.00
178	Right of Way & Damages				\$5,000.00	\$5,000.00
186	Miscellaneous Labor				\$286.00	\$286.00
201	Production Casing	2575	\$8.70		\$22,402.50	\$22,402.50
203	Casing Other				\$0.00	\$0.00
205	Casing Head - 7" x 4 1/2"				\$416.85	\$416.85
205	Casing Head - 4 1/2" x 2 3/8"				\$193.29	\$193.29
207	Pumping Unit				\$10,098.00	\$10,098.00
209	Controllable Material				\$0.00	\$0.00
211	Tubing/Rods	2650	\$2.38		\$6,307.00	\$6,307.00
213	Pumping Unit Base				\$0.00	\$0.00
217	Downhole Pump				\$1,100.00	\$1,100.00
221	Brine Tank				\$0.00	\$0.00
223	Misc. Valves & Fittings				\$0.00	\$0.00
224	Well Pkges/Downhole Pump				\$3,089.00	\$3,089.00
225	Misc. Noncontrol Mat				\$0.00	\$0.00
264	Separator				\$0.00	\$0.00
266	Brine Tanks				\$0.00	\$0.00
268	Valves & Fittings				\$800.00	\$800.00
272	Installation of Pipe / Coll				\$0.00	\$0.00
	Collection				\$0.00	\$0.00
	Total Project Cost - SSI				\$341,867.16	\$341,867.16

Well: CBM YYY23

Permit No.: 8061

Estimated Total Depth: 2675 ft.

Prepared By:

Bob Staton

Date:

7/15/2010

Disclaimer: The actual cost for the drilling and completion of this well may vary from this estimate, however, the major cost items are shown and are typical of wells of the same type and depth.